

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

FINANCIAL SERVICES DEPARTMENT

M_E_M_O_R_A_N_D_U_M

TO: Mitsi Corcoran, Chief Financial Officer
FROM: Bert Palmer, Risk Manager
DATE: August 23, 2010
SUBJECT: Group Life Insurance – Renewal: 01/01/2011

Background

The expiring basic (core) and voluntary (supplemental) life insurance program underwritten by Hartford is in the final year of a three (3) year rate guarantee. The expiring rate on the core life program is \$0.110 per \$1,000 of coverage or \$5.50 per employee per month for \$50,000. The \$50,000 core life program is an employer paid benefit provided as part of the school district collective bargaining agreement. The employee and spousal voluntary (supplemental) life is paid entirely by the employee.

2011 Group Life Renewal

Hartford has proposed to renew the \$50,000 core life program at the new rate of \$0.147 per \$1,000 of coverage or \$7.35 per employee per month. This is an increase of 34% or an annual premium increase of \$117,000. The estimated annual district paid premium will be \$467,000. They have agreed to guarantee the rate for two (2) years [January 1, 2011 through December 31, 2012]. The increase is warranted based upon the group paid claim experience. The renewal increase is still 8% lower than the 2007 rate of \$0.160 per \$1,000 of coverage, and \$41,319 lower than the 2007 annual premium for the program they replaced.

The voluntary (supplemental) life requires a rate increase of 10% across all coverage levels. The program has had the same adverse claims experience as the basic (core) life program. Hartford agreed to blend the voluntary and spousal rate increase to minimize the financial impact to employees. The rates are guaranteed for two (2) years [May 1, 2011 through April 30, 2013].

Recommendation

Aon Benefit Consulting has reviewed the renewal and has found the underwriting assumptions to be within industry norms. They believe the renewal is fair and reasonable based upon our group claims experience. I have attached a copy of their recommendation letter dated August 23, 2010. Aon recommends the district accept the renewal offer as proposed.

If you have any questions, please let me know.

Attachment (2)



August 23, 2010

Mr. Bert Palmer
Director, Risk Management
Sarasota County Public Schools
1960 The Landings Blvd.
Sarasota, FL 34231

RE: 2011 Basic and Supplemental Life Renewals

Dear Mr. Palmer:

Aon Consulting has reviewed the District's 2011 Hartford Life renewal. This process involved reviewing the financial experience of the District's Basic and Supplemental Life plans and independently assessing what a fair renewal would be. Aon performed a review of the District's experience and reviewed all assumptions used by Hartford in projecting 2011 claims and expenses. As you recall, Aon Consulting assisted the District in the marketing of the life insurance programs for an effective date of 1/1/2008 on the Basic and 5/1/2008 for the Supplemental Life. The results of that marketing produced savings of nearly \$1.5 million for the School District over a 3-year period. Unfortunately, the new rates will generate an increase to current costs, but still below pre-2008 levels.

For 2011, Aon Consulting was able to negotiate adjustments from the original Hartford's 2010's renewal for the Life Insurance. The key items that were negotiated were an adjustment to the claims based on the reserves and a reduction in the required loss ratio. In addition, Hartford agreed to give less credibility to the most recent period.

For the supplemental coverages, Aon Consulting was able to negotiate some additional adjustments. The Supplemental Dependent Life Insurance is running at a significantly high loss ratio. Rather than apply the entire required increase to the Supplemental Dependent Life, Hartford has agreed to reduce the required increase for the Supplemental Dependent Life and allocate the increase across all employee paid coverages. This approach will aid in maintaining the participation in the Dependent Life Insurance and is not anticipated to negatively impact the participation in the Employee Supplemental Life Insurance plan. This will ease the administration of the dependent and employee supplemental life as Hartford agreed to keep the dependent and employee supplemental rates the same.

Based on the negotiated rate position with Hartford which reflects over \$130,000 of savings from the original renewal, Aon Consulting recommends that Sarasota Schools accept the renewal as is for the current plan design.



The current 2010 and renewal 2011 premium rates and annual premiums are as follows:

Basic Life Insurance

	<u>Rate / \$1,000</u>	<u>Annual Premium</u>	<u>\$ Change</u>	<u>Pct Change</u>
2010	0.110	\$350,000	-	-
Final 2011	0.147	\$467,000	\$117,000	34%

Supplemental Life Insurance (Blended Rate)

	<u>Rate / \$1,000</u>	<u>Annual Premium</u>	<u>\$ Change</u>	<u>Pct Change</u>
2010	0.316	\$344,000	-	-
Final 2011	0.347	\$378,000	\$34,400	10%

Dependent Life Insurance (Blended Rate)

	<u>Rate / \$1,000</u>	<u>Annual Premium</u>	<u>\$ Change</u>	<u>Pct Change</u>
2010	0.323	\$70,000	-	-
Final 2011	0.355	\$77,000	\$7,000	10%

Below please find the actual age-banded rates for both Employee and Dependent Supplemental Life:

Rate(s) Age Band	2010	2011 Renewal
< 25	0.075	0.083
25 - 29	0.075	0.083
30 - 34	0.083	0.092
35 - 39	0.098	0.108
40 - 44	0.143	0.157
45 - 49	0.230	0.253
50 - 54	0.380	0.418
55 - 59	0.650	0.715
60 - 64	1.020	1.122
65 - 69	1.710	1.880
70 - 74	2.990	3.300
75 +	2.990	3.300



All rates were given a two year rate guarantee. Enclosed is an exhibit comparing the initial 2007 rates to the current rates and the revised and initial renewal rates.

Please do not hesitate to contact us with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "JR Shamley".

JR Shamley, ASA
Senior Vice President

JRS/mdg

Enclosure



Sarasota Schools 2011 Life Renewal Summary

(using current 2010 volumes)

Basic	2007	2008	2009	2010	2011 (Initial Renewal)	2011 Final	Change from Initial		Change from Current		Change from 2007	
							Ann \$	%	Ann \$	%	Ann \$	%
Volume (current)	\$ 264,862,500	\$ 264,862,500	\$ 264,862,500	\$ 264,862,500	\$ 264,862,500	\$ 264,862,500						
Rate	0.160	0.110	0.110	0.110	0.159	0.147						
Annual Premium	\$ 508,536	\$ 349,619	\$ 349,619	\$ 349,619	\$ 505,358	\$ 467,217	\$ (38,140)	-8%	\$ 117,599	34%	\$ (41,319)	-8%

EE Supp	2007	2008	2009	2010	2011 (Initial Renewal)	2011 Final	Change from Initial		Change from Current		Change from 2007	
							Ann \$	%	Ann \$	%	Ann \$	%
Volume (current)	\$ 90,764,000	\$ 90,764,000	\$ 90,764,000	\$ 90,764,000	\$ 90,764,000	\$ 90,764,000						
Average Rate	0.316	0.316	0.316	0.316	0.316	0.347						
Annual Premium	\$ 343,872	\$ 343,872	\$ 343,872	\$ 343,872	\$ 343,872	\$ 378,259	\$ 34,387	10%	\$ 34,387	10%	\$ 34,387	10%

Dep Supp	2007	2008	2009	2010	2011 (Initial Renewal)	2011 Final	Change from Initial		Change from Current		Change from 2007	
							Ann \$	%	Ann \$	%	Ann \$	%
Volume (current)	\$ 18,062,500	\$ 18,062,500	\$ 18,062,500	\$ 18,062,500	\$ 18,062,500	\$ 18,062,500						
Rate	0.429	0.323	0.323	0.323	0.646	0.355						
Annual Premium	\$ 93,079	\$ 69,984	\$ 69,984	\$ 69,984	\$ 139,968	\$ 76,982	\$ (62,986)	-45%	\$ 6,998	10%	\$ (16,096)	-17%

Total	2007	2008	2009	2010	2011 (Initial Renewal)	2011 Final	Change from Initial		Change from Current		Change from 2007	
							Ann \$	%	Ann \$	%	Ann \$	%
Annual Premium	\$ 945,487	\$ 763,475	\$ 763,475	\$ 763,475	\$ 989,198	\$ 922,459	\$ (66,739)	-7%	\$ 158,985	21%	\$ (23,028)	-2%

The School Board of Sarasota County, FL

Basic Life Insurance
Supplemental Life Insurance

Renewal Date

January 1, 2011



Table of Contents

Introduction

Basic Life Insurance

Demographics & Rate History

Experience Analysis

Premium Summary

Supplemental Life Insurance

Demographics & Rate History

Experience Analysis

Premium Summary

Aggregate Summary for All Lines

Appendix

The information contained herein is intended for the sole use of the Policyholder and Broker(s) of Record. Any other use is prohibited.

Introduction

The Hartford¹ has completed an Annual Policy Review for your current coverage. This review provides important information about the performance and administration of your group program. We believe that as our client, you deserve the information necessary to make informed decisions about your employee benefit programs. The enclosed package is a tool developed in the interest of enabling you to make such decisions.

In addition to this document, your Account Manager is ready to assist you:

Account Manager Nancy Young
Phone Number -

**Our commitment to you: We'll be there when you need us
with expertise and tailored solutions to maximize
your benefit and minimize your burden.**

Leading-Edge Self-Service Capabilities

EmployerView®, The Hartford's industry-leading online solution, conveniently delivers valuable information - case information, electronic billing, claim inquiries and much more - to save employers time and minimize hassle.

Through **www.The Hartford At Work.com**, employees can access useful and easy-to-understand information online, making the administration of group benefits even easier for employers.

Employee Assistance Programs That Help Employees and the Bottom Line

Each employer's workforce has distinct needs. That's why The Hartford offers valuable support services to help employees through life's challenges. The Hartford's comprehensive employee assistance programs deliver support and counseling services from experienced professionals. These services are offered through ComPsych® Corporation, the largest provider of employee assistance programs, managed behavioral health, work/life, and crisis intervention services².

The **Center for Ability® (CFA)** is a no-cost, Web-based information, education, and research service available to all customers of the Group Benefits Division and producers. It is accessible through our Employer View and Producer View Web sites, and provides employers and producers with a single source to obtain a wealth of information, education and practical tools to help enhance employee health & productivity efforts. When you access the CFA through either Producer View or Employer View, you can look for specific topics or let the menu be your guide. **Employer Resources** can provide answers to frequently asked questions and guidance on establishing an effective return-to-work program. **Request Research** provides individualized research for questions relating to disability claims, health care services, community resources, and much more. **Facts, Figures and Trends** is a repository of statistics about The Hartford's disability book of business.

¹ The Hartford® is The Hartford Financial Services Group, Inc. and its subsidiaries, including issuing companies Hartford Life Insurance Company and Hartford Life and Accident Insurance Company. Policies sold in New York are underwritten by Hartford Life Insurance Company. Home Office of both companies is Simsbury, CT. All benefits are subject to the terms and conditions of the policy. Policies underwritten by the issuing companies listed above detail exclusions, limitations, reduction of benefits and terms under which the policies may be continued in force or discontinued. This brochure/presentation explains the general purpose of the insurance described, but in no way changes or affects the policy as actually issued. In the event of a discrepancy between this brochure and the policy, the terms of the policy apply. Complete details are in the Certificate of Insurance issued to each insured individual and the Master Policy as issued to the policyholder. Benefits are subject to state availability.

² Source: Business Insurance, Largest EAP Provider 2008 Survey, January 2009 edition.



Beneficiary Assist®⁴ provides confidential grief, financial or legal counseling to help beneficiaries manage the emotional, financial and legal aspects of loss. Beneficiary Assist offers valuable and comprehensive benefits at no additional cost, including access to counselors via phone, up to five face-to-face counseling sessions (or equivalent professional time) with a counselor, financial planner, and/or legal advisor, and referrals to resources and community services.

Guidance Resources®⁵ is a full-service, best-in-class Employee Assistance Program (EAP) from The Hartford which provides an independent resource for employees and their dependents to resolve personal and professional issues. Absenteeism and increasing healthcare and disability costs are more challenging than ever for employers. Guidance Resources is available to provide in-depth support for employees and have a positive impact on productivity. This optional EAP service offers valuable benefits to employees and dependents, including counseling for emotional concerns, financial information and resources, work life assistance, and legal consultation. Guidance Resources is offered at a number of different service levels, including telephonic-only, telephonic plus three face-to-face sessions, six face-to-face sessions, or telephonic plus nine face-to-face sessions.

³ Ability Assist® is offered through The Hartford by ComPsych®, the largest provider of employee assistance programs, managed behavioral health, work/life and crisis intervention services. ComPsych is not affiliated with The Hartford and is not a provider of insurance services. For more information on ComPsych, visit www.compsych.com.

Source: Business Insurance, Largest EAP Provider 2008 Survey, January 2009 edition.

⁴Beneficiary Assist® is offered through The Hartford by ComPsych®, the largest provider of employee assistance programs, managed behavioral health, work/life and crisis intervention services. ComPsych is not affiliated with The Hartford and is not a provider of insurance services. For more information on ComPsych, visit www.compsych.com.

Source: Business Insurance, Largest EAP Provider 2008 Survey, January 2009 edition.

⁵ The GuidanceResources® Program is offered through The Hartford by ComPsych®, the largest provider of employee assistance programs, managed behavioral health, work/life and crisis intervention services. ComPsych is not affiliated with The Hartford and is not a provider of insurance services. For more information on ComPsych, visit www.compsych.com.

Source: Business Insurance, Largest EAP Provider 2008 Survey, January 2009 edition.

Additional Services That Deliver Value to Employees and Save Employers Time and Money

Beneficiary Designation Management (BDM) optional service is another way we help to ease the administrative burden of managing beneficiary designations. With BDM, you can rely on The Hartford to take charge of managing your beneficiary records and make it simple for employees to designate, add or change beneficiaries.

Life Conversations from The Hartford featuring Everest Funeral Planning

We have introduced a new program called Life Conversations from The Hartford that is an innovative personal planning package to provide your employees with online and 24/7 advisor-supported access to a suite of tools and services to guide them through major life decisions. From selecting the appropriate amount of life insurance and creating a will, to at-need services such as funeral planning and grief counseling, Life Conversations provides employees with comprehensive support.

Employers have two options to choose from:

- **Basic Family Life Conversations** – Provides Everest Funeral Planning coverage to employees, spouse/partner and dependents under age 25.
- **Parents Conversations** – If chosen by the employer, extended Parents services are available to employees who are covered under supplemental group life insurance from The Hartford. This option extends Everest coverage to parents and step-parents of the employee and employee's spouse. The additional cost for this option is built into the supplemental life insurance rates. Employees who select basic life insurance coverage will receive the Basic Family features of Life Conversations.

Highlights of our Life Conversations program include:

- *Easy to Navigate* – Life Conversations provides information and support in two distinct categories:
 - *Planning Tools and Services (before a loss)* – Services include understanding and selecting life insurance, program features such as Travel Assistance⁶ and Safe Haven® services, as well as EstateGuidance®⁷ and funeral planning services. Employees receive expert advice, assistance and services from the first nationwide funeral planning and concierge service – Everest³. Everest helps plan for their funeral well ahead of time, making their wishes known electronically and on paper.
 - *At-Need Services (during or after a loss)* – The Hartford has developed at-need services to help your employees and their beneficiaries navigate and cope. These include 24/7 access to funeral concierge services at or near a time of death to help with emotional distress, family support for beneficiaries to receive confidential, professional assistance with emotional, legal and financial concerns through Beneficiary Assist®⁸, and claim assistance support.
- *24/7 Advisor Support* – Available to answer questions and to direct employees to the multiple services available under the program. This includes late night access to a licensed funeral director who can offer support with an unexpected death or phone counseling for a beneficiary who is trying to cope with a loss.

To access the Life Conversations website, simply go to www.hartfordlifeconversations.com.

⁶Travel Assistance is provided by Europ Assistance USA. Europ Assistance USA is not affiliated with The Hartford and is not a provider of insurance services

⁷EstateGuidance® services are provided through The Hartford by ComPsych®, the largest provider of employee assistance programs, managed behavioral health, work/life and crisis intervention services. ComPsych is not affiliated with The Hartford and is not a provider of insurance services. For more information on ComPsych, visit www.compsych.com.

⁸Beneficiary Assist® is offered through The Hartford by ComPsych®, the largest provider of employee assistance programs, managed behavioral health, work/life and crisis intervention services. ComPsych is not affiliated with The Hartford and is not a provider of insurance services. For more information on ComPsych, visit www.compsych.com.

Source: Business Insurance, Largest EAP Provider 2008 Survey, January 2009 edition.

Basic Life Insurance

Demographics

Enrolled Lives	7,703
Female Content	71%
Average Age	55

Rate History

	Rates per \$1,000
Beginning Period	01/01/2008
Ending Period	04/30/2010
Rate(s)	0.110

Basic Life Experience Analysis

Period	Constant Premium	Number of Claims	Total Paid Claims	Number of PW	PW Reserves	Change in Reserves	Total Incurred Claims	Incurred Loss Ratio
1/2010-4/2010	117,167	9	215,000	2	25,000	80,766	320,766	273.8%
1/2009-12/2009	360,489	30	420,000	1	0	-29,025	390,975	108.5%
1/2008-12/2008	374,000	25	542,500	0	0	174,975	717,475	191.8%
Total	851,655	64	1,177,500	3	25,000	226,716	1,429,216	167.8%

A. Paid Premium	\$851,655
B. Constant Premium	\$851,655
C. Incurred Claims	\$1,429,216
D. Incurred Loss Ratio (C/B)	1.678
Average Paid Claim Amount	\$18,398
Claim Incidence Per 1,000 lives	4.08

Experience Rate

$$\frac{167.8\%}{89.3\%} \times 0.110 = 0.207$$

Formula Rate

$$(0.207 \times 85\%) + (0.297 \times 15\%) = 0.220$$

Basic Life Premium Summary

Basic Life

Enrolled Lives	7,703	
Volume	\$264,862,500	
Rate Basis	Rates per \$1,000	
Rate Guarantee	2 years	
Monthly Renewal Premium	\$38,934.79	
Rate(s)	In-force	Renewal
	0.110	0.147



Supplemental Life Insurance

Demographics

Enrolled Lives	880
Female Content	71%
Average Age	50

Rate History

	Rates per \$1,000
Beginning Period	05/01/2008
Ending Period	04/30/2010
Rate(s)	
< 25	0.075
25 - 29	0.075
30 - 34	0.083
35 - 39	0.098
40 - 44	0.143
45 - 49	0.230
50 - 54	0.380
55 - 59	0.650
60 - 64	1.020
65 - 69	1.710
70 - 74	2.990
75 +	2.990

Supplemental Life Experience Analysis

Period	Constant Premium	Number of Claims	Total Paid Claims	Number of PW	PW Reserves	Change in Reserves	Total Incurred Claims	Incurred Loss Ratio
1/2010-4/2010	115,378	2	200,000	1	0	71,242	271,242	235.1%
1/2009-12/2009	343,999	0	0	0	0	-20,255	-20,255	-5.9%
1/2008-12/2008	223,910	2	400,000	0	0	98,450	498,450	222.6%
Total	683,287	4	600,000	1	0	149,437	749,437	109.7%

A. Paid Premium	\$683,800
B. Constant Premium	\$683,287
C. Incurred Claims	\$749,437
D. Incurred Loss Ratio (C/B)	109.7%
Average Paid Claim Amount	\$150,000
Claim Incidence Per 1,000 lives	2.21

Experience Rate

$$\frac{109.7\%}{89.3\%} \times 0.316 = 0.388$$

Formula Rate

$$(0.388 \times 30\%) + (0.262 \times 70\%) = 0.300$$

Supplemental Dependent Life Experience

Period	Premium	Claims	Loss Ratio
1/2010-4/2010	\$23,372	0	0.0%
1/2009-12/2009	\$70,517	122,500	173.7%
5/2008-4/2008	\$46,861	235,000	501.5%
Total	\$140,750	357,500	254.0%

Supplemental Life Premium Summary

Supplemental Life

Enrolled Lives	880
Volume	\$90,764,000
Rate Basis	Rates per \$1,000
Rate Guarantee	2 years
Monthly Renewal Premium	\$28,656

Rate(s)	In-force	Renewal
Age Band		
< 25	0.075	0.083
25 - 29	0.075	0.083
30 - 34	0.083	0.092
35 - 39	0.098	0.108
40 - 44	0.143	0.157
45 - 49	0.230	0.253
50 - 54	0.380	0.418
55 - 59	0.650	0.715
60 - 64	1.020	1.122
65 - 69	1.710	1.880
70 - 74	2.990	3.300
75 +	2.990	3.300

Supplemental Dependent Life

Volume	\$18,062,500
Rate Basis	Rates per \$1,000
Rate Guarantee	2 years
Monthly Renewal Premium	\$9,338.31

Rate(s) Age Band	In-force	Renewal
< 25	0.075	0.083
25 - 29	0.075	0.083
30 - 34	0.083	0.092
35 - 39	0.098	0.108
40 - 44	0.143	0.157
45 - 49	0.230	0.253
50 - 54	0.380	0.418
55 - 59	0.650	0.715
60 - 64	1.020	1.122
65 - 69	1.710	1.880
70 - 74	2.990	3.300
75 +	2.990	3.300

Aggregate Summary for All Lines

	Inforce Monthly Premium	Renewal Premium	Change
Basic Employee Life	\$29,135	\$38,935	33.6%
Supplemental Employee Life	\$28,656	\$28,656	0%
Supplemental Dependent Life	\$5,832	\$9,338	60%
Total	\$57,790	\$76,929	33.1%

Definition of Underwriting Terms

Claims Count A/E: In order to analyze the adequacy of the current rate structure, a subset of The Hartford's insured groups are reviewed that share similar demographic and industry characteristics with your company. The review establishes an expectation of claim incidence for your industry and demographic mix. The Claim Count A/E (Actual Claims versus Expected Claims) reflected in your experience is evaluated against The Hartford's expectations.

Life Claim Count A/E: $(\text{Life Claims} + (\text{Premium Waiver Claims} \times 0.5 \times \text{Total Exposure Years}) \div (\text{Total Exposure Years} - 0.5))$

LTD Claim Count A/E: $\text{Total Claims} \div \text{Expected Number of Claims}$

Formula Rate: The Formula Rate is a weighted blend of the Pure Manual Rate and the Manual rate adjusted for the Claim Count A/E. The two rates are blended together using a Credibility percentage.

- Manual Rate is calculated based on your employees' demographic profile, plan design, industry and volume of coverage.
- Credibility is the extent to which The Hartford believes prior results will predict future results. Credibility is calculated based on the number of lives covered and the number of years in the experience period.

Formula Rate: $(\text{Manual Rate} \times \text{Claim Count A/E} \times \text{Credibility}) + (\text{Manual Rate} \times (1 - \text{Credibility}))$

Life Experience Analysis: In order to analyze the adequacy of the current rate structure, all Premiums received during the analysis period are adjusted to the current rate level, shown as "Constant Premium". The "Constant Premium" is then compared to Incurred Claims which is comprised of: Paid Claims, Premium Waiver Reserves, charges for Living Benefits Option and Portability, Statutory Interest, and Incurred But Not Reported Reserves (reserves established for claims incurred during the time period that have not been reported).

Experience Rate: The Experience Rate is calculated based upon prior Premium and Incurred Claims experience. The Permissible Loss Ratio is the percent of Premium The Hartford can allocate to Incurred Claims which allows us to recover expenses associated with administering your benefit program. These expenses contemplate claims activity, account structure complexity, and regularly-updated expense factors. Because expense components fluctuate from year to year, the Permissible Loss Ratio reported for each renewal will subsequently fluctuate.

Experience Rate: $(\text{Incurred Loss Ratio} / \text{Permissible Loss Ratio}) \times (\text{Current Rate})$

Formula Rate: Formula Rate is a weighted blend of your Experience Rate and Manual Rate. Your Manual Rate is based on your employees' demographic profile, plan design, industry, and volume of coverage. The two rates are blended together using a Credibility percentage. Credibility is the extent to which we believe prior results will predict future results. It is developed based upon the number of lives covered and the number of years used in the experience period.

Formula Rate = $(\text{Experience rate} \times \text{Credibility}) + (\text{Manual Rate} \times (1 - \text{Credibility}))$

LTD Experience Analysis: In order to analyze the adequacy of the current rate structure, all premiums received during the analysis period are adjusted to the current rate level, shown above as "Constant Premium". The "Constant Premium" is then compared to total Incurred Claims, which include Disabled Life Reserves and actual benefit payments.

LTD Incurred Claims: The incurred claims reflect the actual claims paid to date plus a high confidence estimate of future claims that will be paid. That estimate is based on claimant-specific data (such as age, gender and cause of disability) and experience assumptions (such as interest rates, claim termination rates and social security approval rates).

STD Experience Analysis: In order to more accurately project the cost of this program using historical results, the incurred claim amounts are compared to the premium generated by the current rate level, shown above as "Constant Premium".

STD Incurred Claims: The Incurred claim amounts are inclusive of paid claims plus reserves that are established for claims that were incurred during the experience period, however paid in the subsequent period.

STD Experience Rate: $(\text{Net Loss Ratio} / \text{Permissible Loss Ratio}) \times \text{Current Rate}$